

Employees' Retirement System Board of Control

ELECTION MANUAL

THE
RETIREMENT SYSTEMS
OF
ALABAMA

Duties of the ERS ERS Board of Control

Code of Alabama 1975

36-27-23 through 36-27-25

- The members of the ERS Board of Control are the trustees of the retirement funds and are responsible for the management and administration of the retirement system.
- The ERS Board of Control has full power to invest and reinvest such funds, through the Secretary-Treasurer, in such classes of bonds, mortgages, common and preferred stocks, shares of investment companies or mutual funds, or other investments the Board may approve, with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
- The ERS Board of Control, by a majority vote of all members, elects a Secretary-Treasurer who serves as the Chief Executive Officer of the retirement system.
- The ERS Board of Control hires an actuary, an investment advisor, and others as required to conduct business of the retirement system.
- The ERS Board of Control designates a medical board to be composed of three physicians not eligible to participate in the retirement system. The medical board investigates all applications for disability retirement and reports to the ERS Board of Control its conclusions and recommendations.
- The ERS Board of Control appoints an investment committee of three members of the Board, one of whom is the Director of Finance. The investment committee approves investments made by the Secretary-Treasurer. The investment committee acts through the affirmative vote of any two members by written authorization attached to the invoice of the transaction.
- The ERS Board of Control establishes procedures for the elections to fill the two retired positions and the two active local positions (Section 12 members) on the ERS Board of Control.
- The ERS Board of Control approves participation of cities, counties and other local governmental employers in the retirement system.

ERS Board of Control Meetings

- The ERS Board of Control meets semiannually, usually in May or June and in November or December, on dates determined to be most suitable for the most Board members.
- Meetings are held in the board room on the fifth floor of the Retirement Systems Administrative building at 135 South Union Street in Montgomery, Alabama. Meetings usually begin at 9:00 a.m.
- The Vice-Chairman presides in the absence of the Governor who is the statutory chairman.
- The Secretary-Treasurer prepares the agenda, which may be amended by the Board, but this agenda typically includes the following items in the order listed:
 - Approval of minutes
 - Investment report
 - Secretary-Treasurer's report
 - Approval of retirement allowances
 - Administrative information update
 - New business
 - Appeals
- Seven members shall constitute a quorum and seven affirmative votes are necessary for Board action.

Ethical and Fiduciary Obligations of the ERS ERS Board of Control

- No member of the ERS Board of Control shall have any direct interest in the gains or profits of any investment made by the Board nor receive any pay or emolument for his or her services. No member of the Board shall, directly or indirectly, for themselves or as an agent in any manner receive any pay or emolument for his or her services. §§36-27-25(h), *Code of Alabama 1975*.
- Members of the ERS Board of Control must comply with the Alabama Ethics Law, codified at §§36-25-1, et seq., *Code of Alabama 1975*, and pursuant thereto file annual statements of economic interest in compliance with §36-25-14, *Code of Alabama 1975*.
- As trustees, members of the ERS Board of Control have the obligation to discharge their duties with respect to the retirement system.
 - solely in the interest of the participants and beneficiaries;
 - for the exclusive purpose of providing benefits to participants and beneficiaries and paying reasonable expenses of administering the system;
 - with the care, skill, and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose;

- impartially, taking into account any differing interests of participants and beneficiaries;
- incurring only costs that are appropriate and reasonable; and
- in accordance with the law governing the retirement program and system.

Applicable Law

§ 36-27-23. ERS Board of Control; medical board, actuary.

(a) The general administration and responsibility for the proper operation of the retirement system and for making effective the provisions of this article are hereby vested in a board of trustees which shall be known as the ERS Board of Control.

(b) The Board shall consist of 13 trustees as follows:

- (1) The Governor, ex officio, who shall be chairman.
- (2) The State Treasurer, ex officio.
- (3) The State Personnel Director, ex officio.
- (4) The Director of Finance, ex officio.
- (5) Three members of the retirement system, to be appointment by the Governor, no two of whom shall be from the same department of the state government nor from any department of which an ex officio trustee is the head. The state employees appointed pursuant to this section shall be Merit System employees with at least ten years of creditable state service and shall not be a department head or an assistant department head. The terms of office of the three members appointed by the Governor shall begin immediately after they have qualified and taken the oath of office.
- (6) Two members of the State Employees Retirement System who shall be vested in the system and elected by a majority vote of the participating full-time state employees who are members of the said system. For their original terms, one shall serve for a two-year term and one shall serve for a three-year term. Thereafter, their successors each shall serve for a four-year term.
 - a. During the month of July 1980, employees desiring to serve shall file with the State Comptroller notice of their intent to run for the position. The Comptroller shall cause to be prepared ballots for distribution to all state employees with their paychecks during the first pay period of August 1980. Each state payroll clerk within one week shall collect the executed ballots and return them to the Comptrollers who shall forthwith tabulate the ballots and announce the results. A printout of the tabulation along with the ballots shall within three days be delivered by the Comptroller to the Secretary of State, who shall preserve the ballots and the printout for three months.

- b. Within 10 days of April 26, 1994, the Governor shall appoint new board members in accordance with the requirements added by Acts 1994, No. 94-616.

At the expiration of terms of office of the respective original trustees elected under this subdivision (6) and every four years thereafter, their successors shall be elected in the same manner as provided by a paragraph a of this subdivision.

- (7) One member from the ranks of retired state employees and one member from the ranks of retired employees of a city, a county, or a public agency each of whom is an active beneficiary of the system shall be elected by a majority vote of the participating retired beneficiaries of the system. The retired state employee member shall serve for a four-year term beginning October 1, 1984, the member who is a retired employee of a city, a county or a public agency shall serve for a three-year term, beginning October 1, 1984, provided after the expiration date of the initial terms provided in this subdivision each term shall be for a period of three years.

The retired members shall be elected in a statewide ballot conducted by the Secretary-Treasurer under rules promulgated by the ERS Board of Control. The Board of Directors of the Alabama Retired State Employees Association shall submit no more than two nominations for each retired member position. The ERS Board of Control shall determine the procedure for selecting additional candidates. The ballots shall be conducted prior to October 1, 1984, and each applicable year thereafter in order that the trustees can take office by October 1, next following such election.

- (8) Two members of the retirement system who shall be employed by an employer participating pursuant to Section 36-27-6, who shall be elected by a majority vote of the full-time employees of employers participating pursuant to Section 36-27-6, and who are members of the system. For their original terms one shall serve a three-year term and one shall serve a four-year term. Thereafter, their successors shall serve for a four-year term.

The election shall be conducted by the Secretary-Treasurer through use of a statewide ballot in accordance with rules promulgated by the ERS Board of Control, which shall include a nomination petition of not less than 50 eligible voters. The election provided herein shall be conducted prior to October 1, 1991, and each applicable year thereafter in order that the trustees can take office October 1, next following such election.

- (c) If a vacancy occurs in the office of a trustee, the vacancy shall be filled for the unexpired term in the same manner as the office was previously filled, except that of the trustees elected under subdivision (7) of subsection (b). In that event the vacancy for the unexpired term shall be filled by an appointment by the ERS Board of Control of the Employees' Retirement System from a list of three retired employees furnished him by the Board of Directors of the Alabama Retired State Employees Association.
- (d) The trustees shall serve without compensation for their services as trustees, but they shall be reimbursed from the expense fund for all necessary expenses that they may incur through service on the ERS Board of Control

- (e) Each trustee shall, within 10 days after his appointment, take an oath of office that, so far as it devolves upon him, he will diligently and honestly administer the affairs of the ERS Board of Control and that he will not knowingly violate or willingly permit to be violated any provisions of law applicable to the retirement system. Such oath shall be subscribed to by the member making it, certified by the officer before whom it is taken and immediately filed in the office of the Secretary of State.
- (f) Each trustee shall be entitled to one vote in the ERS Board of Control. Seven votes in favor of any decision shall be necessary for a decision by the trustees at any meeting of said board.
- (g) Subject to the limitations of this article, the ERS Board of Control shall, from time to time, establish rules and regulations for the administration of the funds created by this article and for the transaction of its business.
- (h) The ERS Board of Control, by a majority vote of all trustees, shall elect a Secretary-Treasurer who shall serve as the chief executive officer of the retirement system. The ERS Board of Control shall engage such actuarial and other special services as shall be required to transact the business of the retirement system. The compensation of all persons engaged by the board, with the exception of clerical employees who shall be employed under the provisions of the Merit System Act, and all other expenses of the board necessary for the operation of the retirement system shall be paid at such rates and in such amounts as the board shall approve.
- (i) The ERS Board of Control shall keep in convenient form such data as shall be necessary for actuarial valuation of the various funds of the retirement system and for checking the experience of the system.
- (j) The ERS Board of Control shall keep a record of all its proceedings which shall be open to public inspection. It shall publish annually a report showing the fiscal transactions of the retirement system for the preceding year, the amount of the accumulated cash and securities of the system and the last balance sheet showing the financial conditions of the system by means of an actuarial valuation of the assets and liabilities of the retirement system.
- (k) The Attorney General of the state shall be the legal adviser of the ERS Board of Control.
- (l) The ERS Board of Control shall designate a medical board to be composed of three physicians not eligible to participate in the retirement system. If required, other physicians may be employed to report on special cases. The medical boards shall arrange for and pass upon all medical examinations required under the provisions of this chapter and shall investigate all essential statements and certificates by or on behalf of a member in connection with an application for disability retirement and shall report in writing to the Board of Control its conclusions and recommendations upon all matters referred to it.
- (m) The ERS Board of Control shall designate an actuary who shall be the technical adviser of the ERS Board of Control on matters regarding the operation of the funds created by the provisions of this article and shall perform such other duties as are required in connection therewith.

- (n) Immediately after the establishment of the retirement system the actuary shall make such investigation of the mortality, service and compensation experience of the members of the system as he shall recommend and the Board of Control shall authorize, and, on the basis of such investigation, he shall recommend for adoption by the ERS Board of Control such tables and such rates as are required in subsection (o) of this section. The ERS Board of Control shall adopt tables and certify rates and, as soon as practicable thereafter, the actuary shall make a valuation based on such tables and rates of the assets and liabilities of the funds created by this article.
- (o) In 1948, and at least once in each five-year period thereafter, the actuary shall make an actuarial investigation into mortality, service and compensation experience of the members and beneficiaries of the retirement system and shall make a valuation of the assets and liabilities of the funds of the system and, taking into account the results of such investigation and valuation, the ERS Board of Control shall adopt for the retirement system such mortality, service and other tables as shall be deemed necessary and certify the rates of contribution payable by the state under the provisions of this article.
- (p) On the basis of such tables as the ERS Board of Control shall adopt, the actuary shall make an annual valuation of the assets and liabilities of the funds of the system created by this article.

Election Procedures

I. Governance Process

A. Election Committee Charter

1. The Vice Chairperson of the Employees' Retirement System ERS Board of Control will appoint a three-member sub-committee from the ERS Board of Control as an Election Committee to oversee the election process.
2. Members of the ERS Board of Control seeking election for a position on the ERS Board of Control will not be eligible for membership on the Election Committee.

B. Election Committee Responsibilities

1. The Election Committee will disqualify ballots that fail to clearly indicate the eligible voter's candidate selection or are received after the return date established by the Election Committee.
2. The Election Committee will certify the results of each election.

II. Nominations

- A. Written nominations for the vacant position must be received in the Employees' Retirement System office by 5:00 p.m., April 15. In the event April 15 is not a work day, the nominations must be received by 5:00 p.m. the first work day thereafter.

Active State Positions

Candidates must file a notice of intent to run with the Comptroller's Office. The nominee must be an active vested member of the ERS by virtue of employment with a state agency.

Active Local Positions

Nominations for a place on the ballot shall require the signatures of 50 petitioners. The nominee must be an active member of the ERS by virtue of employment with an employer participating pursuant to §36-27-6, *Code of Alabama, 1975*, (Section 12 members—members employed with a city, county, town, public or quasi-public agency).

Retired State Employee Position

Nominations for a place on the ballot shall require the signatures of 15 petitioners. The nominee must be a retired state employee and currently on the ERS retirement payroll.

Retired Local Employee Position

Nominations for a place on the ballot shall require the signatures of 15 petitioners. The nominee must be a retired employee of a local agency (city, county, town, public or quasi-public agency) that participates in the ERS pursuant to §36-27-6, *Code of Alabama, 1975*.

- D. The Secretary-Treasurer of the Employees' Retirement System will certify that a nominee is eligible for a place on the official ballot.
- E. A candidate is no longer eligible to run for election if a change in the candidate's position has occurred.

III. Voting

C. B. Ballots

1. Order of candidates

The order of candidates on the ballot will be by a random drawing of names conducted by the Secretary-Treasurer of the Employees' Retirement System and the Election Committee.

2. Mailing of ballots

Ballots will be mailed by June 1. In the event that June 1 is not a work day, the ballots must be mailed by the first week day thereafter.

3. Replacement ballots

An ERS member who, for whatever reason, did not receive a ballot, may request a replacement ballot from VR Election Services. VR Election Services will void the original ballot and issue a new ballot for the member. The member will complete the ballot and return it to VR Election Services by the election deadline.

4. Receipt of ballots

Ballots must be returned to VR Election Services by 5:00 p.m., June 15. In the event that June 15 is not a work day, the ballots must be received by 5:00 p.m. the first work day thereafter.

5. Disqualifying ballots

The Election Committee will disqualify ballots which:

- fail to clearly indicate the eligible voter's candidate selection
- are received after the return date established by the Election Committee.

6. Counting of Ballots

VR Election Services will receive and scan the voted ballots.

Scannable ballots will be scanned after the deadline for receipt of ballots.

Mutilated ballots will be reserved for canvassing by the Election Committee.

7. Certification of ballots

The ballots will be canvassed and the results presented to the Election Committee for certification.

Each candidate will receive a report of the vote count. All Board members will receive a copy of the election results.

8. Storage and Destruction of Ballots

Ballots will be retained for 60 days following the certification and then destroyed, pending any official challenge.

IV. Runoff Election

- A. A runoff election will be held in the event no candidate receives a majority of the votes cast. Majority of the vote is considered 51% or more of the total votes cast. The two candidates with the most votes will be placed on the ballot for the runoff.
- B. The runoff election will be conducted using the same process as the regular election.
- C. The runoff ballots will be mailed to eligible voters by August 1 or the first work day thereafter.

- D. Runoff ballots will be returned to VR Election Services by September 1. In the event that September 1 is not a work day, the ballots must be received by 5:00 p.m. the first work day thereafter.

V. Definitions

Active Member

Person currently contributing to the ERS.

Voter

Active state members of the ERS by virtue of employment with a state agency.

Active local members of the ERS by virtue of employment with an employer participating pursuant to §36-27-6, *Code of Alabama, 1975*, (Section 12 members—members employed with a city, county, town, public or quasi-public agency) may vote in an election for the Active Local Position.

Retired state employees who are currently on the ERS retirement payroll may vote in an election for the Retired State Employee Position.

Retired employees of a local agency (city, county, town, public or quasi-public agency) that participates in the ERS pursuant to §36-27-6, *Code of Alabama, 1975* may vote in an election for the Retired Local Employee Position.

Petitioner

Eligible voters who petition to run for the ERS Board of Control for a particular position for which they qualify.

Active State Position. The petitioner must be an active vested member of the ERS by virtue of employment with a state agency.

Active Local Position. The petitioner must be an active member of the ERS by virtue of employment with an employer participating pursuant to §36-27-6, *Code of Alabama, 1975*, (Section 12 members—members employed with a city, county, town, public or quasi-public agency).

Retired State Employee Position. The petitioner must be a retired state employee and currently on the ERS retirement payroll.

Retired Local Employee Position. The petitioner must be a retired employee of a local agency (city, county, town, public or quasi-public agency) that participates in the ERS pursuant to §36-27-6, *Code of Alabama, 1975*.

Term of Office

The terms of office begin on October 1.

Active State Position is for a term of 4 years.

Active Local Position is for a term of 4 years.

Retired State Employee Position is for a term of 3 years.

Retired Local Employee Position is for a term of 3 years.

Challenge

Any challenge to the election must be filed in writing with the Vice Chairman of the ERS Board of Control within 15 days after the certification of the results by the Election Committee. Any challenge will be treated as any other appeal to the ERS Board of Control.

Certification of Election

At the appropriate time, the elections coordinator will certify to the Election Committee the results of the election.

Nominations

Any candidate for a position on the ERS ERS Board of Control shall be nominated by a written petition. Petitions must be obtained from the elections coordinator or the RSA Web site and must be received by April 15th or the first business day thereafter. Nominations for Retired Positions shall require at least fifteen (15) signatures, while nominations for Active Positions shall require at least fifty (50) signatures.

Election Committee

A three-member sub-committee of the ERS ERS Board of Control shall be appointed by the Vice Chairman of the Board.

VI. Election Timeline

March:	Announcement in <i>Advisor</i>
April:	Petitions for nomination due by the 15 th
June:	Ballots mailed by the 1 st or first business day after Voted ballots due by the 15 th or first business day after Scan ballots Election Committee certifies election results
July:	Notice of intent to run for Active State Position filed with Comptroller

August: Runoff ballots mailed by the 1st or first business day after
Active State Position ballots given by Comptroller with paycheck
Active State Position ballots returned to Comptroller within one
week

September: Voted ballots due by the 1st or first business day after
Election Committee certifies election results

October: Announcement of winners in *Advisor*